

**MMA Testimony on SB 414, SB 415 and SB 981
Senate Health Policy Committee
March 1, 2012**

Thank you Mr. Chair and members of the Committee. My name is Delaney Newberry and I am Director of Human Resource Policy for the Michigan Manufacturers Association. We are opposed to Senate Bills 414, 415 and 981 as currently drafted because of the impact they will have on the cost of health insurance.

MMA represents about 2,500 members that operate in the full spectrum of manufacturing industries, ranging from small manufacturers to some of the world's largest corporations. Manufacturing continues to be the largest sector of our economy, directly employing over 500,000 Michigan residents.

Manufacturers are one of the largest payers of private insurance and group health plans. 91% of Manufacturers offer health care benefits to their employees compared to 71% of all other industries. In the state of Michigan, whether you're talking about the large group market, self-insured groups, or small-group – manufacturers are the largest purchasers of health insurance benefits in the state.

Health Insurance Mandates Increase Costs and Decrease Access

The Michigan Manufacturers Association has long opposed health insurance mandates because of the impact that mandates have on the cost of health insurance, which ultimately makes the provision of coverage to employees cost prohibitive. In recent years, many of our members have experienced rate increases in excess of 30- to 40-percent due to medical inflation and the new federal health care law. Additionally, just this year the new Health Insurance Claims Act (HICA) tax added 1% of all claims paid to the cost of employer-provided health care in Michigan. This piling-on of additional costs comes as we're staring down deadlines for the implementation of Federal health care reform, which at this point still holds more questions than answers.

On top of these costs, the implementation of a state health insurance mandate to cover autism will add 1 to 3 percent to the cost of private health insurance according to the Council for Affordable Health Insurance. As many of you know as business-owners yourselves, job-providers do not have an unlimited amount of money with which to provide employee compensation and benefits. We're talking about finite resources here and when health care costs are sky rocketing, businesses are faced with very tough decisions. We have heard directly from our members that increases in health care rates have come at the cost of merit pay increases – which directly affects our productivity and competitiveness. Many job providers will be forced to increase co-pays and deductibles. Some will have to stop offering health insurance coverage altogether. So while some people would have this additional coverage, enactment of these bills will cause more people to have less access to coverage.

Given that the federal ERISA law pre-empts self-insured firms from state mandates, passage of SB 414 and 415 will only impact small- and medium-sized firms, generally firms with fewer than 100 employees, and individuals purchasing coverage in the individual market, driving up the cost of their health insurance coverage. The flip side of that coin is that only the individuals covered by those specific types of contracts will get the benefits of the state insurance mandate. In Michigan, only about 20% of the population is covered by insurance contracts that can be impacted by an insurance mandate. The remaining 80% will see no change in their benefits.

Working Together to Find a Reasonable Solution

To be clear, while MMA opposes government-imposed health care mandates, we are not opposed to developing programs to assist individuals with autism and helping families to better treat and manage ASD. While we are encouraged by SB 981's recognition for the costs associated with a health insurance mandate, we cannot support any funding mechanism that is tied to a mandate. However, we have worked closely with stakeholders to identify several viable alternatives that our members can support, including:

- Providing Appropriated Funds Directly to Families: We believe that the \$15 million funding would be best spent by reimbursing families directly for their costs incurred for diagnosis and treatment of ASD, rather than reimbursing insurers carriers. This eliminates an unnecessary second layer of administrative cost and allows families who are insured through nonparticipating self-funded plans or who are uninsured to benefit from the program. This can be accomplished through an arrangement similar to a Health Reimbursement Account or HRA.
- Establish Program through CSHCS: Children's Special Health Care Services is a program within the Department of Community Health which helps children and some adults who need specialty medical care. By dedicating the \$15 million funding to CSHCS, we can take advantage of an established infrastructure of professionals who are skilled at matching families with specialty medical care – thereby eliminating administrative start-up costs - and would likely be able to draw down additional Federal dollars. The CSHCS program is available to all Michigan residents under the age of 21 with qualifying medical conditions, so families at all points of the financial scale, with and without insurance, could participate.
- Scholarship Program: An alternative scholarship program could be established based on the Ohio model. Ohio's Autism Scholarship Program (ASP) allows the state education department to pay a scholarship to the parents of a qualified child with autism. Through the scholarship, parents have a choice of seeking services for their child with a registered private provider, rather than the child's resident school district, to receive the services outlined in the child's individualized education program (IEP). The ASP has helped many families that choose to leave their public school system to obtain very specialized services through a registered private provider in accordance with their wishes.

Conclusion

In conclusion we appreciate your willingness to consider our concerns and hope that we can work together to find a solution that will help increase access to services for those with autism but that will not result in an increase in the cost of employer-provided healthcare. Please do not hesitate to contact me if you have questions regarding this or any other matter.